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SUBJECT: COM CALLS ON NEW MINISTER OF LABOR

¶1. (U) Summary. When Minister of Labor, Family and Social Affairs (MOL) Janez Drobnic was ousted by parliament in December 2006, former State Secretary Marjeta Cotman was tapped by Prime Minister Janez Jansa to lead the Ministry through important negotiations and reforms. Labor reforms and brokering a long-term agreement between employers and labor unions are key elements of Cotman's mandate. On the two issues most relevant to U.S. interests - reform of rigid labor laws and the MOL role in combating TIP, Cotman did not provide fresh ideas or perspective. She maintained that most current social welfare programs must remain in place, and she asserted that TIP was primarily a law enforcement issue. End Summary.

Background

¶2. (U) COM paid a courtesy call on the new Minister of Labor February 2. Cotman, a lawyer by training, started as State Secretary in the Ministry of Labor in 2004 at the same time

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her predecessor, Janez Drobnic, started as Minister of Labor. In November 2006, Prime Minister Jansa called for Drobnic to resign, citing mismanagement of the social dialogue between employers and trade unions. Drobnic, who had the support of junior coalition partner New Slovenia party (NSi), refused to step down, stating that he believed he was doing a good job. Drobnic, considered a committed and honest minister, was also acknowledged to be a poor politician, often upsetting other ministers. Finally, Jansa asked parliament to dismiss Drobnic, which it did on December 1. Cotman was nominated a week later and confirmed as Minister of Labor on December 18. Supporters aver that, as the former state secretary, Cotman brings continuity. Detractors see her "insider" status as promoting business as usual, thus bringing no improvement over Drobnic.

Reforms Without a Plan

¶3. (U) Cotman outlined for COM her priorities during the remaining two years of Jansa's mandate. Her primary tasks will be to continue to negotiate and revise current labor laws. She stated that it is important to balance the interests of all social partners and be a strong listener during negotiations. After her first round of negotiations, she is very optimistic, having sent amendments to the health insurance act to parliament after over a year of talks. (Note. Employer associations were not happy with the amendment, believing it lacked necessary provisions for employee accountability. End Note.) COM raised the common complaint by foreign investors: rigidity of the Slovenian labor force as a barrier to more foreign investment. Cotman acknowledged that Slovenia has one of the most rigid labor

forces in Europe but that social security rights must stay the same, believing that without the social benefits, overall salaries for Slovenians would be too low. She said she preferred the idea of "flexicurity," but did not elaborate on what she meant by this.

14. (U) COM asked how she will address unemployment and concerns regarding predicted pension fund shortfalls. Cotman's solution was to get more people into the work force paying into pensions. Slovenia's current system, she said, provides no incentive for the young and the old to work. The young fare better as perpetual students and the retirees have ample pension benefits, which now start at age 55. As part of reform efforts, Cotman said that the pension age will be increased annually. Cotman has high hopes for a new plan started last year: any employer who hires someone younger than 26 or older than 55 will be reimbursed by the government for social security contributions for these employees, which total about 14% of the salary. Cotman did not explain how the government subsidies would be funded.

TIP

15. (U) The Ministry of Labor has a representative on the inter-agency working group against trafficking in persons. The MOL is responsible for tendering and awarding the contracts for long-term care for victims of trafficking. Additionally, it helps victims with employment and social benefits. COM commented that Slovenia's record is very good but emphasized that Slovenia will face more challenges with the growing number of Eastern European women getting caught up in prostitution. Embassy Ljubljana has provided funding for training programs for other members of the working group and COM asked whether Cotman thought the Ministry of Labor would benefit from training. Cotman asserted that training was not necessary because most ministry employees never come in contact with victims of trafficking. She believes that preventive measures, under the purview of the police, were the most important.

Comment

16. (U) The new minister did not appear eager to tackle any controversial issues, preferring to sidestep tough questions with vague plans. There seems to be an inherent contradiction in wanting to keep older people working longer while bringing the young into the work force sooner. This model will only work with a commensurate increase in available jobs. Cotman did not offer any new ideas or indicate that there were any firm plans to create new jobs either through domestic programs or by attracting outside investment. On the issue of trafficking, the Ministry of Labor has historically seen this as an outside issue and has been the weakest member of the interagency team. Despite Cotman's assertion that MOL has little to do with the GOS fight against TIP, it does actually do its part through the tendering process for victim care, scrutiny of labor permits for dancers in bars and other professions, and providing certain social welfare services to victims. Cotman, like her predecessor, however, seems willfully ignorant of these important contributions. Post will follow up with the head of the inter-agency working group on TIP to ensure that Cotman hears from other government officials about the priority the GOS places on this issue. End Comment.

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